



Australian Government

Australian Trade and Investment Commission

Australian Aviation White Paper

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Austrade is pleased to contribute to the Department of Infrastructure, Transport, Regional Development, Communication, and the Arts' Aviation White Paper.

Austrade is the Australian Government's trade and investment promotion agency, helping Australian exporters to grow in global markets and to attract productive foreign direct investment to Australia. Austrade also leads Australian Government policy to support the sustainable growth and prosperity of Australia's visitor economy.

A safe, competitive, efficient, and sustainable aviation industry will be integral to supporting our export ambitions, growing a vibrant visitor economy, and for promoting Australia as an investment ready destination.

We commend all four terms of reference and are most eager to provide commentary on the following two points:

- aviation's role in economic development, trade and the visitor economy – general, domestic, regional and international aviation; and
- how to maximise the aviation sector's contribution to achieving net zero carbon emissions, including through sustainable aviation fuel and emerging technologies.

This submission will detail the role of aviation in supporting our exports, particularly for agricultural goods and for small business; for our visitor economy; and finally, the investment opportunity presented by sustainable aviation fuels and emerging aviation technology. It will outline areas Austrade feels this paper should target, particularly around learnings from other markets and the risks around inaction.

Austrade looks forward to continue working with the Department on this important piece of policy, including contributing to the upcoming Aviation Green Paper.

Trade - aviation's role in supporting small business, agriculture and the food sector

As an island nation, maintaining air connectivity is essential for Australia's trading future, particularly for small and rural businesses.

The criticality of the aviation sector to trade was exposed during the COVID-19 pandemic, when on the 20th of March 2020, Australia's borders closed and commercial passenger flights fell by approximately 90 per cent overnight¹. This had an immediate and devastating effect on Australia's ability to airfreight goods, as around 80 per cent of Australia's airfreight was carried in the bellies of passenger flights².

Between 1 April 2020 and June 2022, the Australian Government committed over one billion dollars to rebuild and maintain air links through the International Freight Assistance Mechanism (IFAM). Throughout the life of the program, IFAM reconnected nine Australian ports

¹ Source: Internal Paper prepared for the Department of Infrastructure, Transport, Regional Development and Communications, Boston Consulting Group, 2020)

² Source: Infrastructure Partnerships Australia and Oxford Economics, International Airfreight Indicator 2019, page 8

to 63 international destinations, enabling crucial imports to aid Australia’s pandemic response, as well as the export of high-value, perishable Australian products to existing international markets³.

As a major producer of premium perishable agriculture and aquaculture, aviation is a key enabler of Australian high-value exports. In 2020, airfreight accounted for almost one-fifth of the value of Australia’s international trade, despite representing less than one per cent of total trade⁴.

Research conducted during the pandemic indicates that 35,000 direct and over 120,000 indirect jobs in the agriculture, seafood, and aviation and logistics sectors were at risk if airfreight supply chains were to fail.⁵ Many of those jobs were in rural and regional communities, which are particularly dependent on reliable air supply links to sustain local economic activity.

In recognition of the critical relationship between aviation and trade, and the importance of resilient, efficient, and sustainable supply chains, the Australian Government launched the Export Supply Chain Service (ESCS) in 2022. ESCS coordinates and disseminates intelligence and insights for government and industry stakeholders, improving the connectivity and competitiveness of Australian exports.

In discussing the future of Australia’s aviation industry, Austrade is encouraged by the department’s consideration of the impact of a reliable, competitive, efficient, and sustainable aviation industry on Australian exporters and our reputation as a dependable trading partner. Stable, resilient supply chains promote cost-efficient freight rates, allowing Australian products to better compete in international markets. Similarly, reliable and efficient airlinks will ensure that our perishable goods are delivered on time and that trust in Australia’s premium brand is maintained. Further, an aviation sector that prioritises sustainable, green technologies will position Australia well for future developments, particularly in markets building carbon border adjustment measures.

The visitor economy – our connection to the world

Importance of aviation to the visitor economy

Recognising the importance of both international and domestic aviation to the visitor economy, Austrade has worked closely with state and territory governments on a written submission on behalf of the Australian Standing Committee on Tourism (ASCOT). In addition to that submission, Austrade would like to emphasise four further issues for consideration in the White Paper process.

Improving accessibility and inclusion

Under THRIVE 2030, Australia’s national strategy for the long-term sustainable growth of the visitor economy, Austrade is working with industry and State and Territory governments to develop assets, infrastructure and experiences that are accessible to all people, regardless of physical limitations, disability or age. A growing cohort of older travellers, multi-generational families, and people with disability means there must be a focus on accessible infrastructure, quality experiences, and a safe environment.

A 2017 study by Tourism Research Australia⁶ revealed 3 of 4 people living with disability regularly travel. They spend around \$3.2 billion each year and this is closer to \$8 billion when expenditure from travelling companions is included. The study also suggested others with accessibility needs would travel if they were better supported. Around one in five Australian

³ Source: International Freight Assistance Mechanism (IFAM) Webpage, <https://www.austrade.gov.au/news/news/international-freight-assistance-mechanism>

⁴ Source: Infrastructure Partnerships Australia and Oxford Economics, International Airfreight Indicator 2019, page 4

⁵ Source: Internal Paper prepared for the Department of Infrastructure, Transport, Regional Development and Communications, Boston Consulting Group, 2020.

⁶ Tourism Research Australia, [Accessible Tourism in Victoria and Queensland, 2017](#)

adults have a disability or long-term health condition and this is predicted to grow, particularly as the population ages. Improving the accessibility and inclusiveness of tourism products and services can help better such people to engage with the opportunity presented by this market while also ensuring a better visitor experience.

As a key part of Australia's travel and tourism sector, there is an increasing need for airlines and airports to better meet the accessibility needs of travellers. This would complement the work being undertaken across the visitor economy on accessible travel and open up opportunities for tourists with disability to travel, particularly into regional Australia.

At workshops held in November 2022, the Disability Royal Commission heard a number of challenges people with disability experience with airports and airlines, including: lack of accessible airport restrooms and general facilities; a limit of two wheelchairs in cabins in some aircrafts and not all having the ability to carry on-board wheelchairs; extended wait-times when checking into flights to ensure accessibility requirements are met; and lack of access to necessary information and support pre-flight. Addressing these issues will better support individual needs and ensure this significantly sized market enables Australia to be more competitive and obtain a bigger share of this group of travellers.

Improving competition

Under *THRIVE 2030*, the Australian Government is working cooperatively with industry to maximise the return of inbound aviation capacity. This is critical for the travel and tourism sector to recover and return to sustainable growth post-COVID. In developing negotiation mandates for Air Services Agreements, Austrade recommends a higher importance is placed on the contribution the visitor economy makes to the Australian economy, particularly in regional Australia. This will ensure there is enough capacity negotiated to meet current and future demand from our key aviation markets as well as emerging markets aligned with the Australian Government's diversification agenda. This additional capacity would be expected in time to lead to more competitive airfares and expand routes into a wider range of markets.

Reviewing consumer protections

Austrade would like to see consideration given to improving consumer protections in the Australian aviation sector, alongside better communication of passenger rights and entitlements. Recent domestic flight delays, cancellations and missed connections have left passengers frustrated and there is a lack of clarity around when and how consumers are entitled to compensation. Improved consumer protections will give passengers increased confidence in booking air travel and improve the perception of Australia as an attractive travel destination.

As a long-haul destination, international visitors travel longer distances to reach Australia than to other destinations, and then have additional flights to travel across the country, with fewer flight options than other countries. This leaves international visitors vulnerable to changes and disruption as it has a massive impact on their plans. Therefore, flight changes and delays have a greater impact on the reputation of our destination and the visitor experience. Combined with this, the lack of compensation compared with other destinations leaves our country competitively less attractive.

In considering potential future models of the consumer protection regime for aviation in Australia, existing international regimes could be explored. For example, the European Union model endeavours to provide clear guidelines and agreed levels of compensation and support for passengers in the event of denied boarding, flight cancellations or long flight delays.

Ensuring capability to support performance and growth

The government agencies enabling the aviation industry are critical. As an example, industry has advised the workforce constraints associated with air traffic controllers has been affecting flights and impacting travellers as well as our reputation as a consistently professional and reliable destination for airline planning. Ensuring government agencies have effective levels of staffing, capability and resourcing to support the aviation system will in turn support the competitiveness of Australia's commercial aviation sector and its opportunity to grow.

Investment - the opportunity to build a new industry

Australia is beginning the journey of developing a sustainable aviation fuel (SAF) industry and adopting progressive policy frameworks for emerging aviation technologies. Executing these two developments will ensure Australia remains competitive with and connected to a more environmentally conscious world.

Austrade is encouraged by the efforts of all stakeholders in the aviation industry in developing SAF and emerging net zero technologies. Efforts by Qantas and Virgin to reduce their emissions by 2030 and 2050 have sent promising signals to international SAF proponents that Australia is catching up with global markets. This is supported by the Bioenergy Roadmap and the Bridging the Price Gap Report that highlights Australia's potential to produce 1900ML a year of SAF and for the construction of facilities to do so.

The best expertise in SAF production however, will come from overseas, where the use of SAF is far more common. For that reason, to help support this industry in its growth, Austrade encourages the Department to consider how SAF and aviation technology markets operate overseas and what frameworks (or elements of) might best work here in Australia. European and US governments are implementing mandates and incentives, while Asian governments are legislating overarching emissions reductions policies. For that reason, while we commend the establishment of a Jet 0 Council similar to the UK, Canada and New Zealand, we would encourage the Department and council to take learnings from other markets as well, such as the US, Singapore and Scandinavia.

Looking internally, we would encourage the Department to consider the entire waste value chain involved in producing SAF. A holistic understanding of the roles of waste companies, agricultural producers, the logistics sector, as well as local and state governments is required to stand up Australia's SAF industry.

Austrade is also aware of growing interest in waste products from a range of processors, in and outside of renewable fuel production. Demands on waste resources will begin to increase as other sectors look to procure waste as an energy or carbon source for their own purposes. Sensitivities to this kind of competition, from domestic proponents as well as international buyers seeking to transport that feedstock back to their home markets, will be required in understanding the viability of SAF projects in Australia and the support they require.

On emerging technologies, Austrade welcomed the 2021 National Emerging Aviation Technologies Statement for the policy guidance and support it offered drone and advanced air mobility developers. Moving forward, we would welcome additional policy statements, as part of this paper or independently, regarding technologies embedded in traditional aircrafts that reduced fuel use, emission production or transition to cleaner fuels, such as hydrogen. Australia's growing technology base, aviation precincts like the Western Sydney airport, and national policy programs like the National Reconstruction Fund could collectively help build Australia's aviation tech ecosystem into a world class industry. We ask the Department to consider this wider policy environment in developing this paper to ensure a whole of government approach.

Importantly, many overseas airlines are adopting electrified aircrafts and investigating the use of hydrogen by 2030. Australia, particularly from a hydrogen perspective, can become a major supplier of such a fuel as part of our national hydrogen strategy. More pessimistically however, for Australia to at least remain attractive to those airlines, it will be essential that we have the infrastructure, regulations and industry in place to support those fuels and technologies being offered and operating here.

Australia has the capability and foundations for a successful, forward leaning aviation industry, and we look forward to working with the Department to make that a reality.